

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 13, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3399** by Stephenson (Relating to franchise tax payments and reports.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3399, As Introduced: a positive impact of \$12,026,000 through the biennium ending August 31, 2017.

**Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$237,661,000) for the 2016-17 biennium. Any loss to the Property Tax Relief Fund must be made up with an equal amount of General Revenue to fund the Foundation School Program.**

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$5,253,000
2017	\$6,773,000
2018	\$6,747,000
2019	\$6,872,000
2020	\$6,969,000

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain from General Revenue Fund 1</b>	<b>Probable Revenue (Loss) from Property Tax Relief Fund 304</b>
2016	\$5,253,000	(\$233,446,000)
2017	\$6,773,000	(\$4,215,000)
2018	\$6,747,000	\$933,000
2019	\$6,872,000	(\$4,406,000)
2020	\$6,969,000	(\$3,397,000)

**Fiscal Analysis**

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by changing the requirements for payments and extensions of time for filing reports. Under current law, a taxable entity not required to make payments by electronic funds transfer receives an extension to file a

report until November 15th if the taxable entity makes the required payment with an extension request by May 15th. Similar provisions apply to a taxable entity required to make payments by electronic funds transfer with the requirement of an additional extension request and payment by August 15th. Under the bill's provisions, all taxable entities that request an extension and remit a payment by May 15th of the interest on the amount of tax reported as due on or before November 15th at the interest rate prescribed by law, would receive an extension to file a report and make the tax payment until any date before November 15th.

The bill would delete or repeal subsections of this chapter on extensions and required payments for extensions.

The bill would add provisions regarding penalties for underpayment of the interest payment required and the date when a payment by electronic funds transfer would be considered to have been made.

The bill would take effect on January 1, 2016 and only apply to reports and payments made on or after that date.

### **Methodology**

The estimated fiscal impact of the bill assumes that 5 percent of each year's report payments would receive extensions by making the required interest payments. The interest rate on the payments is based on the Comptroller's estimate for the prime interest rate.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD